



California Public Employees' Retirement System
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The Honorable Jerry Brown
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Secretary of the Senate
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The Board of Administration (Board) of the California Public Employees' Retirement System (CalPERS), has accepted the June 30, 2010 Actuarial Valuation of the Legislators' Retirement System (LRS). Section 9358 of the Legislators' Retirement System Law provides that when the actuarial value of assets exceeds the present value of benefits (referred to as "superfunded" status) resulting in a 0% contribution rate for the State, the CalPERS Board of Administration may reduce the member contributions for the same fiscal year in which the State rate is reduced to 0%.

The LRS' system continues to be "superfunded". As of June 30, 2010 and June 30, 2009, the LRS actuarial values of assets were \$126.6 and \$134.2 million, respectively and the LRS market values of assets were \$114.1 and \$111.8 million, respectively. The present values of benefits as of the same dates were \$116.0 and \$115.6 million, respectively. Accordingly, the Board of Administration voted to reduce the member contribution rate to 0% for the coming fiscal year of July 1, 2011 to June 30, 2012.

Although the LRS' system continues to be "superfunded" on an actuarial value of asset basis, the market value of assets no longer exceeds the total present value of benefits. Details of this can be found in the actuarial report. Further downturns in the market or other unfavorable experience to the LRS system could reverse this situation producing the need for State and member contributions at some point in the future.

The Board is pleased to file the 2010 Report of the Actuary for the Legislators Retirement System with the Governor and the Legislature.

Respectfully,

ROB FECKNER, President
Board of Administration